Healthcare
Flexible Spending Account (FSA)

What Are They?

A FSA is an account that an employee sets up with HRC Total Solutions (similar to a savings account). It enables them to deduct money out of their payroll on a pretax basis and directly deposit these funds into an account with HRC Total Solutions. These funds can be withdrawn from this account on a tax free basis to pay for eligible medical, dental, vision, over the counter, and prescription expenses for themselves, their spouse, and eligible children. They are a great way to save taxes and reduce your out of pocket expenses!

How Do They Work?

Before the effective date of your FSA plan year (Decided by your employer), you will calculate how much money you think you and your dependents will spend during the plan year on your out of pocket expenses for medical, dental, vision, over the counter, and prescription expenses. You then take this annual number and divide it by the amount of payrolls during the plan year and this amount will be deducted from your payroll each period and deposited into your FSA. For example, if you wanted to put $520 in the account, and you are paid on a weekly basis, then $520 divided by 52 payrolls would equal $10 per paycheck. This money comes out before you pay Federal Tax, FICA Tax, and State Tax. When you add up your tax savings with your money in this account, you effectively have increased your take home pay.

You will have the opportunity to change your election each plan year and also if you have a qualifying event; which includes marriage, divorce, death, or birth in your immediate family. If you have a qualifying event, you can increase or decrease your annual election within a 30 day period following the event.

How Do I Get My Money Out?

There are two ways you can get your money out of the account.

1 You can submit a claim online, mail it, fax it, or drop the claim off to us along with the receipt showing the expense.

2 You can use the VISA you received from us after you enrolled. To use the VISA, simply present it at the doctor's office or pharmacy. Only use this card for eligible expenses and keep your receipts, you may be contacted to verify the expense.

You can use your entire annual election on the first day the plan starts. Please refer to your plan documents regarding how funds are handled at the end of the plan year. You do have 90 days after the end of a plan year to submit your expenses that were incurred during the plan year. HRCTS will request your receipt if needed according to the IRS regulations. Receipts will not be needed for co pays associated with your company's group health plan, reoccurring expenses provided one receipt has been submitted for the year or if you are shopping at a merchant with an Inventory Approval System (IIAS) where your card will only work for eligible items. Please refer to the IRS Receipt Submission Policy online at HRCTS for more details.

Examples of Tax Savings

	No FSA	FSA
Annual Income	$30,000	$30,000
FSA Contributions	$ 0	$ 1,000
Taxable Pay	$30,000	$29,000
Minus Taxes (Bases on 30%)	$ 9,000	$ 8,700
Take Home Pay	$21,000	$20,300
Minus (Medical/dental/Vision/Costs)	$ 1,000	$ 0
Total Take Home Pay	$20,000	$20,300
What You Saved	**$ 0**	**$ 300**

Phone: 603-647-1147 • Fax: 1-866-978-7868 • email: info@hrcts.com • www.HRCTS.com • 111 Charles Street • Manchester, NH 03101

Dependent Care Flexible Spending Account (DCA)

What Are They?

A DCA is an account that an employee sets up with HRC Total Solutions (similar to a savings account). It enables them to deduct money out of their payroll on a pretax basis and directly deposit these funds into an account with HRC Total Solutions. These funds can later be withdrawn from this account on a tax free basis to pay for eligible Dependent Care Expenses (Preschool, Day Care, Baby Sitting, After School Programs, and Adult Day Care). They are a great way to save taxes and reduce your out of pocket expenses!

How Do They Work?

Before the effective date of your DCA plan year (Decided by your employer), you will calculate how much money you think you will spend for eligible dependent care expenses for the plan. You then take this annual number and divide it by the amount of payrolls during the plan year and this amount will be deducted from your payroll each period and deposited into your DCA. For example, if you wanted to put $4,999.80 in the account, and you are paid on a weekly basis, then $4,999.80 divided by 52 payrolls would equal $96.15 per paycheck. This money comes out before you pay Federal Tax, FICA Tax, and State Tax. When you add up your tax savings with your money in this account, you effectively have increased your take home pay.

You will have the opportunity to change your election each plan year and also if you have a qualifying event; which includes marriage, divorce, death, or birth in your immediate family. If you have a qualifying event, you can increase or decrease your annual election within a 30day period following the event.

How Much Can I Put Into My Account?

The maximum reimbursement limit is $5,000 per year or $2,500 if married and filing separately. If a spouse is not working, but is a student, then the monthly maximum will be $200 for one child, and $400 for 2 or more children. All of these limits apply to the date the eligible expense is incurred, not the date billed or paid.

How Do I Get My Money Out?

There are two ways you can get your money out of the account.

1 You can submit a claim online, mail it, fax it, or drop the claim off to us along with the receipt(s) showing the expense.

2 You can use the VISA you received from us after you enrolled. To use the VISA, simply present it at the daycare facility you use if they accept credit card payments. You can use your card for only the amount you have left in your account. Only use your VISA for eligible expenses and keep your receipts, you may be contacted to verify the expense.

Funds are deposited into your DCA on a per payroll basis. You will have the opportunity to withdraw your funds throughout the plan year, but only for what is in the account. You do have 90 days after the end of a plan year to submit your expenses that were incurred during the plan year, but after this point, any unused funds will be forfeited back to your employer to offset claims and administration expenses.

What Are the Guidelines?

You must follow the guidelines set below in order for your dependent care expense reimbursement to be eligible. These guidelines are as follows:

1. Dependent care expenses cover your dependent children 12 or younger, or a spouse/tax dependent who is mentally or physically incapable of caring for him or herself.
2. The dependent care expense incurred must allow a single parent or both married parents to be gainfully employed or attend school full-time during the time the child is being taken care of.
3. Your dependent must live in your home for at least 8 hours a day.
4. Any day care center or program must meet the state and local requirements in order to be eligible.
5. A babysitter can watch the dependent inside or outside the home, as long as the sitter is at least 19 years old, and is not your spouse or someone you claim on your tax return as a dependent.